ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES 2010 RESULTS AND PROVIDES FURTHER IFRS UPDATE

Toronto, March 31, 2011 -- Allied Properties REIT (TSX:AP.UN) today announced results for its fourth quarter and year ended December 31, 2010. Allied also provided a further update on its preparation for adoption of International Financial Reporting Standards ("IFRS").

"2010 was pivotal for Allied Properties REIT," said Michael Emory, President & CEO. "At the operations level, we moderated our lease-maturity schedule and continued to demonstrate publicly the durability of our asset class. At the asset level, we accelerated our value-creation activities and propelled our urban office platform to a national scale. At the management level, we bolstered and realigned our leadership team with a view to facilitating our next phase of evolution and growth."

Leasing

Allied leased over 1.1 million square feet of space in 2010, a full 18% of its entire rental portfolio. With that and subsequent leasing, it has reduced lease-maturities in the next three year by 12% and reduced the average annual amount of lease-maturity in the next five years to 9.8% of its portfolio.

Allied finished 2010 with leased area of 91.4%, having renewed or replaced 72% of the leases that matured over the course of the year, in most cases at net rental rates equal to or above in-place rents. This resulted in a slight overall increase in net rental income per square foot for the affected space.

Allied decided mid-year not to renew a large lease at Cité Multimédia, which resulted in the temporary decline in its leased area at year-end. Allied re-leased one and one-half of the six office floors affected to an existing tenant, SAP Labs, for a term of 10 years commencing September 1, 2010. This left Allied with four and one-half floors to fill as 2011 got underway. It has since leased two floors to a high-profile new tenant for a term of 10 years commencing on January 1, 2012, leaving it with two and one-half floors to fill. Allied is well advanced in negotiations with another new tenant with a two-floor requirement and another existing tenant with a one-floor expansion requirement. Allied will only be able to accommodate one of these requirements, which will leave it with a small amount of residual space to re-lease. The annual net rental rates achieved or under negotiation fully validate Allied's decision last year not to renew the large lease.

Financial Results

The financial results for 2010 are summarized below and compared to 2009:

(In thousands except for per unit and % amounts)	2010	2009	Change	%Change
Net income	18,540	16,299	2,241	13.7%
Management restructuring costs	1,407	-	1,407	-
Normalized net income	19,947	16,299	3,648	22.4%
Funds from operations ("FFO")	65,529	57,429	8,100	14.1%
FFO per unit (diluted)	$1.63	$1.73	($0.10)	(5.8%)
FFO pay-out ratio	80.6%	76.2%	4.4%	
Normalized FFO	66,936	57,429	9,507	16.6%
Normalized FF0 per unit (diluted)	$1.67	$1.73	($0.06)	(3.5%)
Normalized FFO pay-out ratio	78.9%	76.2%	2.7%	
Adjusted FFO ("AFFO")	48,674	50,564	(1,890)	(3.7%)
AFFO per unit (diluted)	$1.21	$1.52	($0.31)	(20.4%)
AFFO pay-out ratio	108.5%	86.5%	22.0%	
Normalized AFFO	50,081	50,564	(483)	(1.0%)
Normalized AFFO per unit (diluted)	$1.25	$1.52	($0.27)	(17.8%)
Normalized AFFO pay-out ratio	105.4%	86.5%	18.9%	
Debt ratio	47.9%	47.0%	0.9%	

Allied incurred restructuring costs in 2010 in connection with reconfiguring its leadership team. In addition to the normal presentation, Allied's key financial performance measures have also been provided and on a normalized basis as though the restructuring costs were not incurred.

The financial results for the fourth quarter are summarized below and compared to the prior quarter and the same quarter in 2009:

(In thousands except for per unit and % amounts)	Q4 2010	Q3 2010	Change	%Change
Net income	3,889	5,462	(1,573)	(28.8%)
Management restructuring costs	1,407	-	1,407	-
Normalized net income	5,296	5,462	(166)	(3.0%)
Funds from operations ("FFO")	16,292	16,486	(194)	(1.2%)
FFO per unit (diluted)	$0.39	$0.41	($0.02)	(4.9%)
FFO pay-out ratio	85.0%	80.1%	4.9%	
Normalized FFO	17,699	16,486	1,213	7.4%
Normalized FF0 per unit (diluted)	$0.42	$0.41	$0.01	2.4%
Normalized FFO pay-out ratio	78.3%	80.1%	(1.8%)	
Adjusted FFO ("AFFO")	10,881	11,472	(591)	(5.2%)
AFFO per unit (diluted)	$0.26	$0.29	($0.03)	(10.3%)
AFFO pay-out ratio	127.3%	115.1%	12.2%	
Normalized AFFO	12,288	11,472	816	7.1%
Normalized AFFO per unit (diluted)	$0.29	$0.29	$0.00	0.0%
Normalized AFFO pay-out ratio	112.7%	115.1%	(2.4%)	
Debt ratio	47.9%	46.1%	1.8%	

(In thousands except for per unit and % amounts)	Q4 2010	Q4 2009	Change	%Change
Net income	3,889	4,684	(795)	(17.0%)
Management restructuring costs	1,407	-	1,407	-
Normalized net income	5,296	4,684	612	13.1%
Funds from operations ("FFO")	16,292	16,092	200	1.2%
FFO per unit (diluted)	$0.39	$0.41	($0.02)	(4.9%)
FFO pay-out ratio	85.0%	79.8%	5.2%	
Normalized FFO	17,699	16,092	1,607	10.0%
Normalized FF0 per unit (diluted)	$0.42	$0.41	$0.01	2.4%
Normalized FFO pay-out ratio	78.3%	79.8%	(1.5%)	
Adjusted FFO ("AFFO")	10,881	13,261	(2,380)	(17.9%)
AFFO per unit (diluted)	$0.26	$0.34	($0.08)	(23.5%)
AFFO pay-out ratio	127.3%	96.8%	30.5%	
Normalized AFFO	12,288	13,261	(973)	(7.3%)

(In thousands except for per unit and % amounts)	Q4 2010	Q4 2009	Change	%Change
Normalized AFFO per unit (diluted)	$0.29	$0.34	($0.05)	(14.7%)
Normalized AFFO pay-out ratio	112.7%	96.8%	15.9%	
Debt ratio	47.9%	47.0%	0.9%	

The higher than normal AFFO pay-out ratios stemmed directly from our leasing success in 2010 and the corresponding abnormal level of leasing expenditures.

Value-Creation

Allied creates value for its unitholders by upgrading rental properties, by putting properties to a higher and better use (redevelopment) or by expanding properties to utilize more fully the density permitted on the underlying land (intensification). In 2010, Allied accelerated its value-creation activity as part of an ongoing effort to build a value-creation pipeline that in time will make a recurring, annual contribution to the growth of its business.

Allied acquired 645 Wellington Street in Montréal and rapidly initiated an upgrade and re-leasing program that will boost NOI and add value to the property. With respect to redevelopment, it completed the retrofit necessary to put 60,000 square feet of space at 905 King Street West in Toronto to a higher and better use, significantly increasing its income generating potential, and completed the transformation of 47 and 47A Fraser Avenue and 544 King Street West in Toronto. With respect to intensification, it initiated the pre-leasing of QRC West, Phase I, met the requirements for site-plan approval and moved steadily toward the completion of building-permit drawings. Allied expects to be in a position to commence construction as early as the second quarter of this year.

Portfolio Growth

Allied completed $104 million in acquisitions in 2010. Late in the year, it completed its first acquisitions in downtown Calgary and downtown Vancouver, establishing solid footholds there and effectively propelling its urban office platform to a national scale.

Leadership Team

From inception, Allied’s management team has been an integral part of its platform. In slightly over eight years, it helped propel Allied’s business from a small, local portfolio of specialized office assets to one of the leading downtown office platforms in Canada. Going forward, Allied is determined to maintain a high rate of growth, broaden and deepen its platform and accelerate its value-creation activities. To facilitate these ambitious goals, Allied systematically bolstered and realigned its leadership team in 2010.

Peter Sweeney joined as Vice President and Chief Financial Officer, and Tom Burns joined as Executive Vice President, Operations and Leasing, each bringing an exceptional range of capabilities and highly developed leadership skills to Allied's business. Wayne Jacobs, a long-standing member of the leadership team, was appointed Executive Vice President, Acquisitions. In addition to remaining involved with leasing on a transitional basis, Wayne will allocate progressively more of his time to acquisitions. Jennifer Irwin also joined Allied's leadership team as Vice President, Human Resources and Communications.

International Financial Reporting Standards

Allied has chosen the "Fair Value" approach to investment properties for its going-forward IFRS financial statements. This accounting policy choice means that, starting in 2011, investment properties will be recorded at fair value on the Statement of Financial Position. Periodic changes in fair value will be recorded in the Statement of Operations. This could lead to increased volatility in reported net income and net income per unit but should not impact FFO or AFFO.

As part of its preparation for the adoption of IFRS, Allied completed an external valuation of its portfolio as at December 31, 2009, indicating an un-audited value of $1.3 billion, and an external valuation of its portfolio as at December 31, 2010, indicating an un-audited value of $1.55 billion. $104 million of the year-over-year increase resulted from acquisitions, with the remaining $146 million resulting from appreciation in value. In establishing the un-audited value at the end of 2010, the appraiser used capitalization rates ranging from 6% to 9.3%, with the high-point being the capitalization rate associated with 151 Front Street West in Toronto. The weighted average capitalization rate for the portfolio was 7.9%.

Cautionary Statements

FFO and AFFO are not financial measures defined by Canadian GAAP. Please see Allied's MD&A for a description of these measures and their reconciliation to net income or cash flow from operations, as presented in Allied's consolidated financial statements for the quarter and year ended December 31, 2010. These statements, together with accompanying notes and MD&A, have been filed with SEDAR, www.sedar.com, and are also available on Allied's web-site, www.alliedpropertiesreit.com.

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", intends", "believe" or "continue" or the negative thereof or similar variations. Allied's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in the Allied's Annual Information Form which is available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has no obligation to update such statements.

Allied Properties REIT is a leading owner, manager and developer of urban office environments that enrich experience and enhance profitability for business tenants operating in Canada's major cities. Its objectives are to provide stable and growing cash distributions to unitholders and to maximize unitholder value through effective management and accretive portfolio growth.

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